Government of
Saskatchewan

2005-2006
Annual Report

Saskatchewan
Finance

106-07037/

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This document can also be found on-line at **www.gov.sk.ca/finance** – click on the "Publications" tab.

Letters of Transmittal

Her Honour the Honourable Dr. Lynda M. Haverstock
Lieutenant Governor
Province of Saskatchewan

May It Please Your Honour:

I respectfully submit the Annual Report of Saskatchewan Finance for the fiscal year ending March 31, 2006.

Andrew Thomson
Minister of Finance
July 15, 2006

The Honourable Andrew Thomson
Minister of Finance

Dear Sir:

I have the honour of submitting the Annual Report of Saskatchewan Finance for the fiscal year ending March 31, 2006.

Respectfully submitted,

Doug Matthies
Deputy Minister of Finance
July 15, 2006

Introduction

The Department of Finance's 2005-06 Annual Report describes the actual results for key actions and performance measures that were published in the 2005-06 Performance Plan, which was released in March of 2005 (available at **http://www.gov.sk.ca/finance/accountability/2006/Finance.pdf**).

Reporting on actual year-end results – both financial and performance – compared to the plan released at the start of the year, increases accountability to the public. The information in the annual report is tied to the continual implementation of the Government's Accountability Framework.

The Department of Finance's 2006-07 Performance Plan was released with the Provincial Budget on April 6, 2006 (available at **http://www.gov.sk.ca/finance/accountability/2006_2007/Finance.pdf**).

Who We Are

The Department of Finance plays a unique role in the affairs of the Province of Saskatchewan. As a central agency, Finance is responsible for advising the Government on financial implications associated with its policy decisions. The Department, with direction from Treasury Board and Cabinet, assists in managing and controlling the finances of the Province to ensure appropriate use of public funds. It maintains a close working relationship with the federal government, other provincial governments and other government bodies within the Province to effectively address financial issues of mutual concern.

The Department of Finance is responsible for receiving and disbursing the majority of revenues for the Government of Saskatchewan. These include revenues from taxation and non-renewable resources, transfers from Government entities, such as Crown Investments Corporation of Saskatchewan, and transfers from the federal government. Revenues are disbursed through Finance to fund public services such as health care, education and road maintenance. To ensure an increasing level of government-wide accountability, Finance assists departments in implementing the Government's Accountability Framework.

These roles and responsibilities constitute the "behind the scenes" work of the Department. Finance also provides services directly to the public through delivery of the Saskatchewan Savings Bonds program, administration of provincial pension plans and employee benefit plans, administration of provincial tax programs, including the Provincial Sales Tax, and communication initiatives to keep the public informed about finance-related issues.

As of March 31, 2006, Finance employed 450 people trained in fields ranging from economics and accounting to public policy, human resources, financial administration, commerce, communications and many other skilled and professional fields.

Core Business Areas

The Department provides the Minister of Finance, Treasury Board, Cabinet and the Government with information, analysis, advice and services in eight core business areas.

1. Fiscal and Economic Policy

Finance supports effective government decision making by providing up-to-date information, policy analysis and advice to the Minister of Finance, Treasury Board, Cabinet and government departments. This includes financial and policy advice on budget decisions, updates on the Province's revenue and expense position, as well as information on general economic and social issues. Finance establishes and co-ordinates the budget development process to enable Treasury Board and Cabinet to make effective resource allocation decisions.

The Department is also responsible for working with the federal government on programs such as Equalization, the Canada Health Transfer, the Canada Social Transfer, the Canada Pension Plan, fiscal arrangements concerning First Nations in Saskatchewan and other federal-provincial programs.

As well, the Department houses the Saskatchewan Bureau of Statistics, which reports on provincial and national economic indicators.

2. Comptrollership/Financial Management

Finance assists the Legislature and the Government in controlling and accounting for the receipt and disposition of public money. Through the office of the Provincial Comptroller, the Department develops and maintains the government-wide revenue and expense systems and ensures that effective financial management and accounting procedures are in place. It also prepares and publishes financial accountability reports, including the Public Accounts.

The Public Accounts report on the Government's revenue and expense for the year and its financial position at the end of the fiscal year. The Department's internal audit function helps ensure that departments maintain appropriate financial and management controls and are properly accounting for their revenue and expense as authorized through government policy and legislation.

3. Revenue Operations

Finance administers several provincial government revenue and tax rebate programs. This work involves identifying and collecting tax revenues, conducting audits, issuing tax refunds and providing information related to tax and rebate programs.

4. Treasury and Debt Management

Finance borrows to meet the funding requirements of the Government, including Crown corporations and other government agencies. It manages the provincial debt and the cash position of the General Revenue Fund. It also provides an investment management service for various funds administered by the Government, Crown corporations and other agencies.

5. Government Performance Planning and Reporting

Finance works to improve program effectiveness, budgeting, performance measurement and reporting practices across government. It works with departments to develop and implement a "managing for results" approach within executive government, to provide analysis and advice to Treasury Board and to undertake analysis of assigned special projects and reviews.

6. Personnel Policy Secretariat

Finance, through the Personnel Policy Secretariat, is responsible for strategic policy development and analysis on matters related to public sector compensation and management of collective bargaining. The unit collaborates with other officials in the Department of Finance and relevant line departments on financial parameters for collective bargaining. The unit also works with government organizations in developing human resource policies that have compensation implications.

Finance provides advice, analysis and secretariat support to the Cabinet Committee on Public Sector Compensation and co-ordinates implementation of Cabinet decisions related to its mandate.

7. Corporate Services

Finance provides direction, guidance and support for internal operations and client agencies. This work includes human resources, financial services, procurement, security and facilities.

8. Pension and Benefits Administration

Finance, through the Public Employees Benefits Agency (PEBA), administers pension and benefit programs for employees of the executive government, Crown corporations and government-funded bodies.

As part of its mandate, PEBA ensures that the plans are administered in accordance with legislation and the prevailing governance system. Plan design is reviewed regularly to ensure that the needs of plan members and employers are addressed.

PEBA's operating costs are charged to each of the plans under its administration as an administrative cost. These costs are reported annually in the Public Employees Benefits Agency Revolving Fund Annual Report.

An annual report is prepared and tabled for each pension and benefit plan under PEBA's administration. For more information, go to **http://www.peba.gov.sk.ca** and click on the "publications" link.

2005-06 Fiscal Year Results

2005-06 Results at a Glance

Summary of Performance Results

Key Results

Saskatchewan is fiscally strong and stable

- Achieved a balanced budget for the 12th consecutive year.
- Government debt to GDP ratio is 17.0 per cent, the lowest ratio in 18 years.

Saskatchewan is a prosperous and socially responsible province

- Provided technical and policy support to the Business Tax Review Committee.
- Provided policy analysis and advice to the Government, leading to the business tax reforms announced in the 2006-07 Budget.
- Saskatchewan's personal taxes are third lowest in the country for a single parent family earning $25,000 and fourth lowest in the country for a one-income family earning $50,000 and a two-income family earning $75,000.

Government is accountable for its revenues, expenditures and results

- Released Volume 1 of the 2004-05 Public Accounts on July 13, 2005.
- Improved the integration of financial and non-financial planning and reporting: a total of 22 performance plans were published with the 2005-06 Budget and 22 performance-based 2004-05 Annual Reports were released in 2005.

Saskatchewan Finance provides excellent services to its clients

- The Saskatchewan Electronic Tax Service (SETS) was enhanced to allow SETS users the option to be notified by e-mail that a tax return should be filed. This service replaces the paper forms normally received in the mail for Provincial Sales Tax (PST), Liquor Consumption Tax, Corporation Capital Tax (installment payments), Tobacco Tax, Fuel Tax, and Beverage Container Program.

Summary of Financial Results

In 2005-06, the Department, excluding pensions and benefits, spent $40.6 million, up $0.7 million from the Budget Estimate. Spending for pensions and benefits decreased $7.0 million from the Budget Estimate of $213.9 million, due to lower-than-expected employer contributions for pensions and benefits, lower-than-estimated costs for the health care plan and reduced requirements for pension payments.

In 2005-06, the Department collected over $6.0 billion in revenue, up $551.7 million from the Budget Estimate. The increase is primarily due to higher taxation revenue.

The Department of Finance budgeted 455.0 Full-Time-Equivalent (FTE) positions for the 2005-06 fiscal year. The actual FTEs utilized during the year were 440.0, which is 15 under budget. The decrease was primarily due to the mid-year transfer of staff to the Information Technology Office due to the Department entering into the information technology service agreement.

2005-06 Performance Results

Annual performance information is used to assess overall progress towards goals and objectives each year and, in turn, the results are used to inform or adjust future plans.

The key actions originally presented in our 2005-06 plan are shown below, followed by our actual progress for each. Actual results information is included for all key actions and performance measures that were published in our 2005-06 Performance Plan. Further information about Finance's performance measures are available within the 2005-06 Performance Plan, which can be found at the following website: **http://www.gov.sk.ca/finance/accountability/2006/Finance.pdf**

Goal 1 – Saskatchewan is Fiscally Strong and Stable

Objective 1 – A sound financial plan

Fiscal strength and stability are important indicators for those who live in our Province, and those who are looking to invest. The Department contributes to the fiscal strength and stability of the Province by developing and implementing a sound financial plan. Sound financial planning is a key component in assisting government decision-makers to develop and deliver annual budgets and effectively allocate public resources.

Sound financial plans are the result of combining detailed financial and economic information within a framework of appropriate assumptions, methods and processes. The Department of Finance develops the planning framework, implements the financial plan, and keeps the plan updated with current information and analysis.

Principal elements of the Government's financial plan are the annual Budget and subsequent quarterly reports. These documents provide detailed information about revenue and spending plans for the fiscal year, as well as changes to the plan throughout the year. The Department of Finance is responsible for producing economic and fiscal forecasts and financial analysis for the Government's financial plan.

In 2005-06, changes to the Province's financial situation presented financial planning challenges. Higher-than-expected non-renewable resource revenue due to high oil and natural gas prices, as well as higher-than-expected taxation revenue due to a strong economy, contributed to a $1.2 billion improvement in the Government's financial situation. The Department helped Government allocate these additional resources to services for Saskatchewan people.

The largest single component of public expenditures relates to compensation of public sector employees; therefore, working to negotiate collective agreements between public sector employers and their respective unions that are fair to both employees and taxpayers is an ongoing part of a sound financial plan. While the Province's improving financial picture made negotiations challenging, almost all public sector collective agreements were concluded during the year. All negotiations were concluded without labour disruption.

Key Results

- Issue timely economic and fiscal forecasts, reports and analysis, as well as fiscal strategies and options, to achieve the Government's financial plan within *The Balanced Budget Act* and *The Fiscal Stabilization Fund Act.* [2005-06 planned result]

  - Economic and fiscal forecasts were provided in the Budget and Mid-Year Financial Report.
  - Throughout the year, Cabinet and Treasury Board were provided with analysis, strategies and options as required.

- On an ongoing basis, operate a budget process that provides decision-makers with realistic program options and the information necessary to analyze those options. [2005-06 planned result]

  - In 2005-06, as in previous years, Finance provided Ministers with detailed, high-quality analysis and recommendations with which they could make well-informed budget and program decisions. Timely decisions were made and the 2006-07 Budget was released on April 6, 2006.

- On an ongoing basis, optimize the Government's cost of borrowing through:

  - strategic financing
  - cash management
  - debt administration and foreign exchange and risk management [2005-06 planned result]

- The Province borrowed $829.5 million for both the Crown corporation sector and general government purposes. Of this, $678.0 million was raised in capital markets and $151.5 million was raised through the sale of Saskatchewan Savings Bonds to Saskatchewan residents.

- Issue timely quarterly financial reports to the general public, providing information on the Government's current financial position. [2005-06 planned result]

  - The Government issued the First Quarter Financial Report on July 28, 2005 and the Third Quarter Financial Report on February 16, 2006.

Measurement Results

Government Debt to GDP Ratio

Investor confidence is influenced by this ratio because it provides a measure of the Province's debt relative to the size of the economy.

This measurement ties to the goal "Saskatchewan is fiscally strong and stable" by focusing on both the size of the economy and the level of Government debt. One facet of the Government's financial plan is to manage Government debt levels.

The Public Accounts at March 31, 2006 showed a Government debt to GDP ratio of 17.0 per cent, a drop of 2.0 percentage points from the March 31, 2005 level of 19.0 per cent. This is the lowest debt to GDP ratio since March 31, 1987.

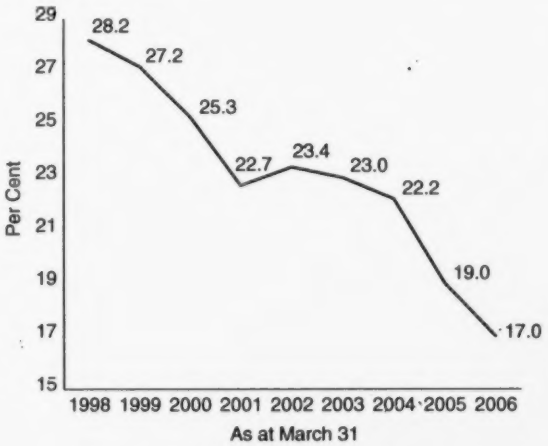
Since 1993, Government debt as a percentage of GDP has declined significantly. At March 31, 1993, the debt to GDP ratio was 41.6 per cent, 24.6 percentage points higher than the current ratio.

This ratio is influenced by the state of the global, North American and Canadian economies, as well as the level of government debt.

This ratio is calculated by dividing GDP for the previous calendar year by the level of Government debt at March 31. Debt is gross debt net of sinking funds plus guaranteed debt. Gross debt is the amount owed directly to lenders and sinking funds are funds set aside for the repayment of that debt.

Guaranteed debt is the debt of others that the Province has promised to repay if they are unable to do so. Government debt is debt borrowed to finance Government programs as opposed to debt borrowed for, and repayable by, Crown corporations. GDP, or gross domestic product, is the total value of all goods and services produced in the economy. Nominal GDP is used for this calculation.

Government Debt and Guaranteed Debt as a % of GDP



Source: Saskatchewan Public Accounts and Saskatchewan Provincial Economic Accounts

Credit Ratings

A credit rating is an independent evaluation by a recognized objective agency of a borrower's willingness and ability to service and repay debt.

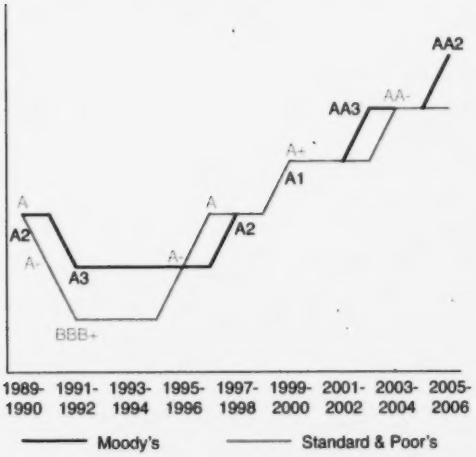
Investors rely on credit ratings when making investment decisions. Many investors have guidelines that are based on credit ratings (e.g., must purchase bonds rated "AA" or higher). Therefore, a borrower's credit rating will impact the availability of credit, both in terms of the number of investors and the pool of funds it can tap.

Since 1995, the Province has received 13 credit rating upgrades as the Province's debt and financial position improved. In 2005-06, the Province received an upgrade to "AA2" by Moody's Investors Service. Both U.S. based credit rating agencies now rate the Province at the "AA" level.

This is extremely important to international investors, many of whom have a "AA" credit rating requirement for investment.

Factors used to determine the Province's credit rating include Government structure and intergovernmental relations; economic, budgetary and financial performance; policy direction and overall Government management ability.

Credit Ratings for Saskatchewan



Source: Moody's Investors Service and Standard & Poor's

Goal 2 – Saskatchewan is a Prosperous and Socially Responsible Province

Objective 1 – A simple, fair, competitive tax structure

A simple, fair and competitive tax structure promotes prosperity, while enhancing social responsibility, by ensuring adequate resources for the delivery of important public services. Competitive taxes are a key feature in Saskatchewan's ability to compete for jobs and investments. However, taxation is only one of many factors that can influence the relative prosperity and social responsibility of the Province.

The tax system's primary objective is to raise the necessary revenues required to finance key public services like health care, education and highways. Tax levels are therefore dependent on the Government's revenue requirements.

Saskatchewan's tax levels are held as low as possible while ensuring adequate resources to pay for services and to maintain the financial stability of the Province.

In 2005-06, the Department of Finance implemented all of the taxation initiatives announced in the 2005-06 Budget. These initiatives included measures to restore tax equity among resource producers operating in Saskatchewan, improve the investment climate for enhanced oil recovery in the province and improve the business environment for the provincial aviation and trucking industries.

As described in the 2005-06 Performance Plan, the Department was also tasked with providing technical and policy assistance to the Business Tax Review Committee. The Department provided extensive support to the Committee throughout the year, leading up to the release of the Committee's report and recommendations in November 2005. The Department also provided the Government with policy analysis and advice in its consideration of the Committee's report, leading up to the business tax reform initiatives announced in the 2006-07 Budget.

Key Results

- Provide technical and policy assistance to the Business Tax Review Committee. [2005-06 planned result]

  - The Department provided extensive support to the Committee throughout the year, leading up to release of the Committee's report and recommendations in November 2005.

- Continue to monitor:

  - the tax systems of other jurisdictions
  - the revenue requirements of the Government [2005-06 planned result]

  - This work is ongoing and is reported to the Minister of Finance and the Treasury Board as part of the annual budget-development cycle.

- Conduct 4,450 audits on businesses paying or collecting taxes administered by Finance. [2005-06 planned result]

  - 4,232 audits were conducted in 2005-06.

In addition to progress made on planned actions, other key results include:

- Restoring tax equity among resource producers operating in Saskatchewan by including resource trusts for the purposes of levying the CCT Surcharge (amendments to *The Corporation Capital Tax Act* were passed into law on May 27, 2005).

- Improving the investment climate for enhanced oil recovery in the province through a package of incentives, including a new royalty structure, renewing the Saskatchewan Petroleum Research Incentive program to 2009-10 and providing specific PST and Fuel Tax exemptions. Regulatory amendments to allow for these exemptions were passed on June 29, 2005.

- Improving the business environment for the provincial aviation and trucking industries by reducing the aviation Fuel Tax rate and simplifying application of the Prorated Vehicle Tax. Legislative amendments to reduce the aviation Fuel Tax rate were passed May 27, 2005. Regulatory amendments to provide rebate for Fuel Tax on fuel consumed on international flights were passed on June 29, 2005. Regulatory amendments to simplify the application of the Prorated Vehicle Tax were passed on October 13, 2005.

Measurement Results

The performance measures described below attempt to provide an indication of the fairness and competitiveness of Saskatchewan's personal taxes. The measures are prepared on a calendar year basis to coincide with the typical taxation year for income tax purposes. In 2005, the measures were impacted by the full-year impacts of the increase in the Provincial Sales Tax (PST) rate from six per cent to seven per cent on April 1, 2004 and the enhancement of the Saskatchewan Sales Tax Credit (SSTC) on July 1, 2004.

Performance measurement calculations are based on Department of Finance internal tax simulation calculations. Each of the measures is based on a determination of combined provincial income and sales taxes payable by representative family profiles.

For each family profile, provincial income taxes are calculated based on the following assumptions:

- each family has two dependent children;

- for the two-income family, one spouse earns 60 per cent of the total income and the other earns 40 per cent;

- the single parent family and the two-income family claim $3,000 in deductible child care expenses;

- each family claims available basic personal exemptions, dependent child credits and credits for Canada Pension Plan and Employment Insurance contributions; and,

- for the purposes of interprovincial tax comparisons, Quebec's income tax calculations are adjusted for the child care expense tax credit and the 16.5 per cent federal tax abatement.

In addition, provincial sales taxes are calculated based upon average family expenditure baskets from the *Survey of Family Expenditures in 2002* (Statistics Canada). The sales tax base in each province is identified from the enacting legislation, with total expenditures adjusted to reflect Saskatchewan consumption patterns. Provincial sales taxes are then estimated based on taxable expenditures in each province. Refundable provincial income tax credits designed to reduce the impact of sales taxes are netted from the sales tax calculations.

Income and sales taxes paid by representative taxpayers

Saskatchewan's tax levels for representative taxpayers provide an indication of the amount of after-tax or disposable income available to residents. Declining tax levels are therefore suggestive of improvements in the relative prosperity of residents.

In 2005, income taxes for each of the representative profiles declined as a result of indexing the income tax system (the indexation factor for 2005 was 1.7 per cent). However, this decline was offset by the full-year impact of the increase in the PST rate in 2004. For the single parent family earning $25,000, the enhancement of the SSTC mitigated much of the PST increase.

Saskatchewan Income and Sales Taxes Paid by Representative Taxpayers						
	2000	2001	2002	2003	2004	2005
Single parent family earning $25,000	$ 862	$ 691	$ 619	$ 560	$ 515	$ 466
One-income family earning $50,000	$ 5,446	$ 4,486	$ 4,284	$ 4,005	$ 4,007	$ 4,124
Two-income family earning $75,000	$ 7,417	$ 6,983	$ 6,721	$ 6,390	$ 6,432	$ 6,656

Source: Department of Finance, Tax Simulation Models

Interprovincial tax comparisons for selected average family profiles

Saskatchewan's interprovincial ranking with respect to the tax levels of representative taxpayers is indicative of the competitiveness of our tax system. This measure can be significantly impacted by tax changes initiated in Saskatchewan and by tax changes occurring in other provinces.

Despite the full-year impact of the increase to the PST rate in 2004, Saskatchewan's tax competitiveness relative to other provinces did not change, and even improved for low-income families as a result of the SSTC enhancements.

Saskatchewan's Tax Competitiveness Rankings for Representative Taxpayers						
	2000	2001	2002	2003	2004	2005
Single parent family earning $25,000	5th	5th	4th	4th	3rd	3rd
One-income family earning $50,000	5th	4th	4th	4th	4th	4th
Two-income family earning $75,000	4th	4th	4th	4th	4th	4th

Source: Department of Finance, Tax Simulation Models

Tax progressiveness index

The tax progressiveness index measures relative tax levels between different income levels and provides an indication of how progressive, or fair, the provincial tax system is; the higher the index, the more progressive the tax system. The measure compares the income and sales taxes payable by a one-income family earning $100,000 with the taxes payable by a one-income family earning $25,000.

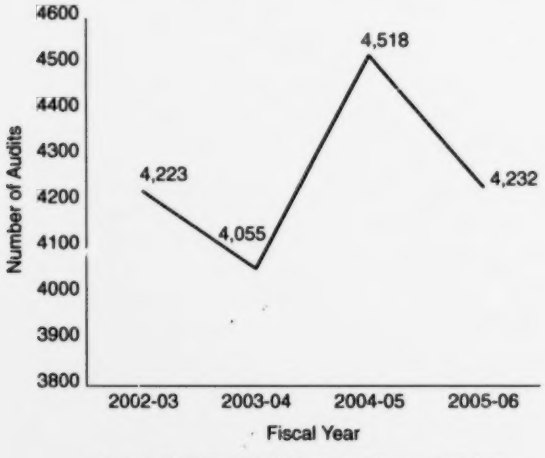
In 2005, the provincial income and sales taxes payable by the higher income family is 20.9 times greater than the taxes payable by the lower income family. The increase from 2004 is caused by full-year impact of the increase in the PST for both families, offset by the full-year impact of the increase in the SSTC for the lower income family. This increase in the progressiveness index demonstrates that the combined effect of these two tax measures improved the progressiveness, or fairness, of Saskatchewan's personal tax system.

Saskatchewan's Tax Progressiveness Index					
2000	**2001**	**2002**	**2003**	**2004**	**2005**
12.0	15.0	17.1	18.3	20.2	20.9

Source: Department of Finance, Tax Simulation Models

Number of audits conducted on businesses liable for taxes under the statutes administered by Finance

Number of Audits Conducted on Businesses



Source: Department of Finance, Revenue Division Actuals Tracking System

In 2005-06, 4,232 audits were conducted on businesses paying or collecting taxes administered by Finance. This is lower than the number of audits conducted in 2004-05 (4,518) and higher than the number conducted in 2003-04 (4,055). The decline relative to 2004-05 is primarily due to the allocation of desk audit resources to other priorities, such as conducting field audits on large non-resident businesses, which requires more time to complete than the typical audits conducted from the office (i.e., desk audits).

The number of audits is derived from the Revenue Division's Actuals Tracking System. The system accumulates the weekly activities from the various work units throughout Revenue Division. The data is driven by weekly timesheets prepared by each employee.

The number of field audits has increased over the past few years. In 2005-06, the Audit Branch achieved a field audit coverage rate of 4.1 per cent of the tax roll, up from the coverage rates in 2004-05 (3.9 per cent) and 2003-04 (3.7 per cent). The percentage of coverage ratio has consistently been an important indicator for the Audit Branch. The targets and results are designed to reflect a level of enforcement that serves to educate taxpayers about their tax responsibilities and promote tax fairness – that is, ensuring that the tax is applied fairly and consistently to all taxpayers.

Staff turnover can significantly affect the number of audits conducted in any particular year. Assuming no significant changes in the number of auditors, the number of audits conducted in 2006-07 should be in the range of the numbers completed over the past two years.

Goal 3 – Government is Accountable for Its Revenues, Expenditures and Results

Objective 1 – Effective government financial reporting

Continued strong financial reporting is key to strong accountability. Timely, reliable and relevant financial information provides the necessary accounting for receipt and spending of public funds. It provides the public with the means to evaluate government performance.

The Department of Finance prepares the General Revenue Fund (GRF) financial statements and the Summary financial statements, which are released in Volume 1 of the Public Accounts. The Department continues to provide effective government financial reporting through timely, reliable and relevant financial statements.

Key Results

- Develop and implement a work plan to prepare and release the Province's Public Accounts by August 1. [2005-06 planned result]

  - Volume 1 of the 2004-05 Public Accounts was released July 13, 2005.

- Prepare financial statements in accordance with Public Sector Accounting Board (PSAB) standards and work with the Provincial Auditor to resolve differences in opinion. [2005-06 planned result]

  - There were three audit qualifications on the General Revenue Fund's 2004-05 financial statements.
  - In 2004-05, the Summary financial statements received a clean audit opinion for the 12th consecutive year.

- Monitor the activities of the PSAB of the Canadian Institute of Chartered Accountants. Implement new standards as soon as approval to do so is obtained. [2005-06 planned result]

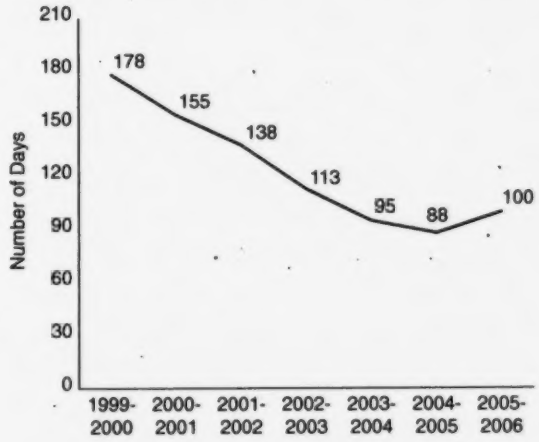
  - All PSAB activities are being monitored closely and feedback has been provided to PSAB on documents issued by PSAB for comment.
  - All PSAB recommendations have been implemented in the Summary financial statements. One recommendation, recording pensions on an accrual basis, remains unimplemented in the GRF.

In addition to progress made on planned actions, other key results include:

Prior to amending *The Tabling of Documents Act, 1991,* entities were required to table their financial statements within 210 days of their year-end. In addition, the Legislature had to be sitting for the statements to be tabled. This meant that entity financial statements were often not available to the public on a timely basis. With the proclamation of an amendment on June 21, 2000, entities now have 120 days to table their financial statements, regardless of whether or not the Legislature is sitting.

On behalf of Treasury Board, the Provincial Comptroller provides approval in advance of the tabling of financial statements. Approval of financial statements by the Provincial Comptroller contributes to timely, reliable and relevant financial reporting by Treasury Board Crowns and agencies. In 2005-06, the average number of days between entities' year-ends and the approval of their financial statements was 100 days; in 2004-05, it was 88 days.

Days to Approval of Entity Financial Statements



Source: Department of Finance, Provincial Comptroller's Division

In addition, in 2005-06, 84 per cent of entities met the tabling deadline of 120 days. In 2004-05, 81 per cent of entities met their tabling deadline.

Measurement Results

Date that Volume 1 of the Public Accounts is released

Timeliness of the financial statements contributes to the Government's accountability. In 2000, the Government established a practice of tabling Volume 1 of the Public Accounts on or before August 1. Volume 1 of the 2004-05 Public Accounts was released July 13, 2005. The 2003-04 Public Accounts were released June 29, 2004. The following chart shows how timeliness of the Public Accounts has improved over the past 15 years.

Timeliness Trend
Release of Volume 1 of the Public Accounts

Source: Saskatchewan Public Accounts

Number of audit qualifications on the Province's General Revenue Fund financial statements and on the Summary financial statements

Reliability of the financial statements contributes to the Government's accountability. Financial statements with few (or no) audit qualifications are considered more reliable than those that have many.

The General Revenue Fund financial statements and the Summary financial statements are reliable. Although the Department has some ability to resolve issues on which the Provincial Auditor believes qualifications are necessary, the Provincial Auditor expresses an independent opinion on the statements. Professional judgment is involved due to the complexity of the issues.

The General Revenue Fund's 2004-05 financial statements had three audit qualifications (2003-04 financial statements: three audit qualifications). The first audit qualification for 2004-05 relates to the treatment of transfers between the GRF and the Fiscal Stabilization Fund. The second relates to valuation of certain loans to Crown corporations. The third relates to the pension liability that is not recorded. These qualifications have appeared in previous years' audit opinions.

There were no qualifications on the Summary financial statements for 2004-05 or in previous years.

Number of Public Sector Accounting Board (PSAB) standards that have not been implemented in the General Revenue Fund financial statements and in the Summary financial statements

Relevance of the financial statements contributes to the Government's accountability. Financial statements that comply with PSAB standards are considered more relevant than those that do not.

The General Revenue Fund financial statements and the Summary financial statements are relevant. All PSAB recommendations have been implemented in the Summary financial statements for 2004-05. One recommendation, recording pensions on an accrual basis, remains unimplemented in the GRF for 2004-05. The Government's GRF financial statements continue to disclose the pension liability in the notes and expense actual cash payments to retired plan members and cash contributions to its pension plans.

During the year, work continued on implementing PSAB's new reporting entity recommendations, required by PSAB to be implemented in the 2005-06 Public Accounts.

PSAB continued its work on a large project to revise the recommendations related to government transfers (grants). Transfers represent the single largest expense of governments. There are currently differences in accounting treatment for transfers across jurisdictions, as well as widespread disagreement on the appropriate treatment between financial statement preparers and auditors. The results of this project could have a significant impact on the timing of transfer expenses and revenues for governments. During the year, PSAB's progress on this project has been closely monitored and feedback provided on various documents issued for comment.

Objective 2 – Effective government-wide financial management practices

Effective government-wide financial management practices are essential to the operation of government. The Department of Finance is committed to a high standard concerning financial systems and practices for managing public resources and achieving fiscal accountability. The Department provides direction to and works with other departments and agencies to ensure appropriate financial management practices are employed.

Departments and Treasury Board Crowns are required to report all losses of public money or property over $500 to the Provincial Comptroller. During 2005-06, the Provincial Comptroller began providing information on public losses to the Standing Committee on Public Accounts. The first report was provided on March 21, 2006.

Key Results

- Through our cyclical risk analysis process, we plan to assess the internal controls on approximately 130 financial programs/systems. Where improvements are required, effective solutions will be recommended for implementation. [2005-06 planned result]

  - For the fiscal year 2005-06 we have assessed the internal control risk on 141 financial programs/systems. All detected significant internal control weaknesses have been or are being adequately addressed.

- As part of MIDAS (Multi-Informational Database Applications) Phase 3, complete the development stage and implement Phase 3 of the MIDAS project. Phase 3 is base Human Resource/Payroll, including employee and position management, payroll, benefits management (for example: pension, group life, dental, extended health plans), time and attendance, entitlements (for example: vacation, sick leave, pressing necessity), and training administration. [2005-06 planned result]

  - MIDAS Phase 3, base Human Resources and Payroll (HR/Payroll), was implemented in March 2006.

Measurement Results

Number of significant deficiencies that were detected but not appropriately addressed by the affected departments

In order to achieve the objective of effective government-wide financial practices, departments must appropriately address all significant deficiencies that are detected. A significant deficiency is an internal control deficiency that adversely affects the Government's ability to safeguard its assets and record, process or report financial data reliably. Finance develops and implements financial policies and procedures and conducts internal control reviews to monitor for significant deficiencies in financial programs/systems. This measure will indicate if any significant deficiencies that were detected were not appropriately addressed.

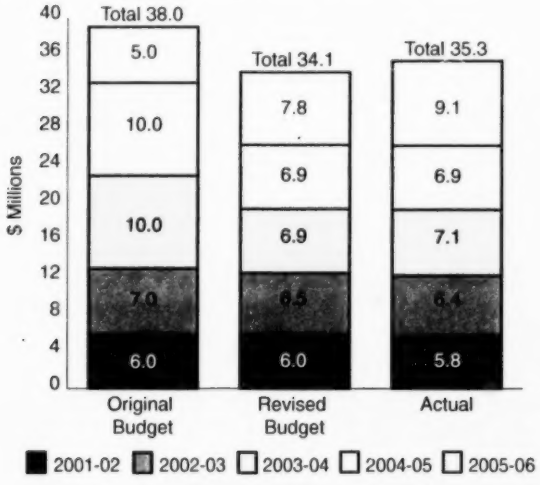
During the past five years, the affected departments appropriately addressed all detected significant deficiencies.

Source: Department of Finance, Internal Control Reviews

Successful implementation of the MIDAS system on time and within budget

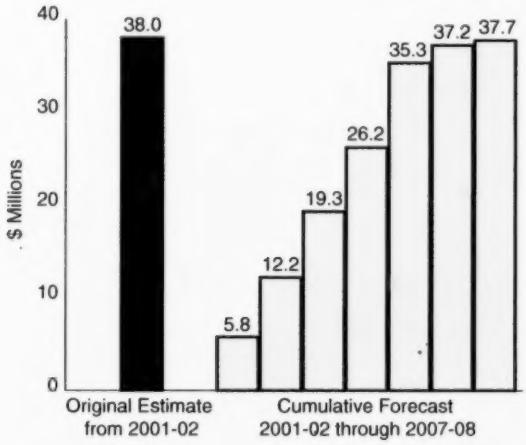
The central system replacement project called MIDAS is a multi-year, multi-phase project. During the 2003-04 fiscal year, the Base Financial components and the forecasting module were implemented, and the HR/Payroll phase of the project was started. As the following chart shows, the project is under budget over the first five years.

MIDAS Budget/Actual Comparison by Year



Source: Saskatchewan Public Accounts

MIDAS Original Project Budget Compared to Current Cumulative Forecast



Source: Department of Finance, MIDAS Project Plan

The HR/Payroll phase was implemented in March 2006. MIDAS Phase 4, which includes HR Self Service and other HR enhancements, will be completed in the 2006-07 and 2007-08 fiscal years. With the implementation of MIDAS HR/Payroll, decisions were made to locate support of the HR/Payroll component and responsibility for the payroll function for government at the Public Service Commission (PSC). As a result, the payroll operations unit from the Provincial Comptroller's Division of Finance and the remainder of the MIDAS project was transferred to the PSC effective April 1, 2006. This will be the last report on the MIDAS project in the Finance Performance Plan.

The chart at top right shows the project continues within the original budget.

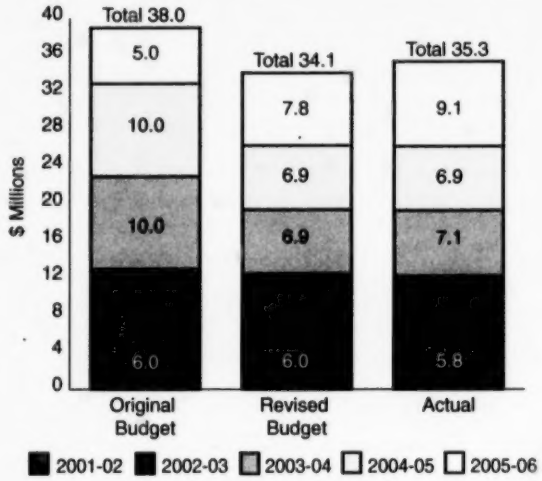
Objective 3 – Effective performance planning, management and reporting

The key means by which Finance is pursuing this objective is through continued implementation of Government's Accountability Framework (**http://www.gov.sk.ca/finance/accountability/default.htm**). A rigorous planning, performance measurement and reporting process provides the foundation for enhanced accountability from departments back to decision-makers and the public. It ensures that departments remain focused on the needs and expectations of the people they serve and increases public understanding of Government's plans and, at year-end, its financial and non-financial results.

All departments and some Treasury Board Crowns are now engaged in a regular process of releasing plans at the start of the year that outline the results they intend to achieve and how they will spend their funds. At year-end, they are expected to report back on the status of key actions, public commitments, performance measures and financial results.

To be effective, performance plans and annual reports must be timely, complete and accurate.

MIDAS Budget/Actual Comparison by Year



Source: Saskatchewan Public Accounts

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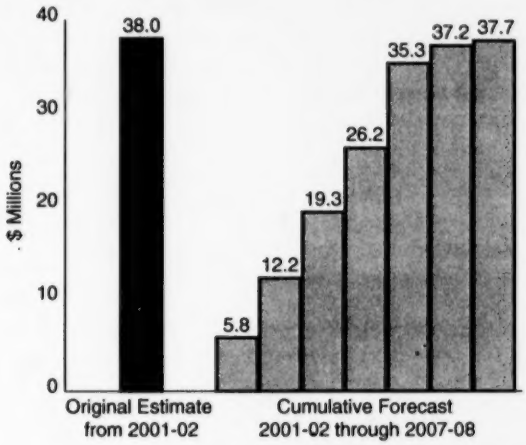

Source: Department of Finance, MIDAS Project Plan

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To be effective, performance plans and annual reports must be timely, complete and accurate.

Reporting is now timely – department performance plans are released with the Budget; department annual reports are released within 120 days of the end of the fiscal year; a mid-year progress report on key government budget commitments is included in the annual Mid-Year Report; and all plans and reports are available on the Department of Finance's website.

Reporting is more complete – performance planning and reporting now includes more government entities and more complete information within both plans and reports. Departments and agencies now release performance plans with the Budget and annual reports after the close of the fiscal year, giving Members of the Legislative Assembly (MLAs) and the public more information about what these organizations planned to achieve and what they actually achieved during the year.

Reporting is more accurate. Over the coming year, Finance will continue to focus on helping departments ensure their performance reporting is accurate by providing guidance on data collection and validity and improved reporting of performance measures.

As the lead department in a system of planning, measuring and reporting, Finance works to build capacity within government, sets expectations and supports departments in their planning and measurement work. Over time, the result should be better information for managers and decision-makers, enhanced accountability both internally and publicly and, ultimately, improved government performance. A report on results associated with our 2005-06 action plan follows.

Key Results

- Incorporate the Information Technology Office and the Saskatchewan Communications Network within the Accountability Framework. [2005-06 planned result]

  - Both the Information Technology Office (ITO) and the Saskatchewan Communication Network (SCN) published their first performance plan according to the Performance Management Branch planning guidelines in the spring of 2005.

- Review other Treasury Board organizations to assess the applicability of a results-based reporting framework. [2005-06 planned result]

  - This work is ongoing. Several presentations have been made and discussions held with other organizations that are interested in participating in the Accountability Framework process.

- Participate in or lead special projects and reviews, as assigned. [2005-06 planned result]

  - During the year, the Performance Management Branch pursued research related to planning, risk, and performance management and undertook a number of projects, with or on behalf of departments.

- Continue to add and improve content of department annual reports, based on the Canadian Comprehensive Auditing Foundation (CCAF) reporting principles. Planned areas of focus for the coming year include: improving the discussion and analysis of performance measures and measurement results, strengthening the linkages between the financial and non-financial aspects of both performance plans and annual reports, and providing additional information about risks that organization must manage. [2005-06 planned result]

  - The Content Requirements for Annual Reports are updated on an annual basis to ensure they are based on CCAF reporting principles balanced with departments' capacity. This work is ongoing.

	2002-03	2003-04	2004-05	2005-06	Increase
Performance Plans					
• Departments	9	15	15	17	2
• Treasury Board Crown corporations	0	2	3	3	0
• Interdepartmental strategies	0	0	2	2	0
	[2002-03 Performance Plans]	[2003-04 Performance Plans]	[2004-05 Performance Plans]	[2005-06 Performance Plans]	
Performance Reports					
• Departments	0	9	15	17	2
• Treasury Board Crown corporations	0	0	2	3	1
• Interdepartmental strategies	0	0	1	2	1
	[2001-02 Annual Reports]	[2002-03 Annual Reports]	[2003-04 Annual Reports]	[2004-05 Annual Reports]	

Measurement Results

Number of departments and Treasury Board Crown corporations that publicly release performance plans

Number of departments and Treasury Board Crown corporations that publicly release performance results reports

A total of 22 departments and agencies released 2005-06 Performance Plans, an increase of two over the previous year. The departments and agencies that released plans for the first time in 2005-06 were the Information Technology Office and Saskatchewan Communications Network. All departments and agencies released their plans with the 2005-06 Budget.

A total of 22 departments and agencies released 2004-05 Annual Reports in 2005, reporting back on the performance plans they released with the 2004-05 Budget. The departments and agencies that released performance-based annual reports for the first time in 2004-05 were the Information Technology Office, Saskatchewan Watershed Authority, First Nations and Métis Relations, and the *KidsFirst* Strategy.

All of these documents can be accessed through individual department or agency websites or though the Finance site at **http://www.gov.sk.ca/finance/accountability/default.htm**.

The performance management cycle – the release of performance plans at the start of the year and annual results reports following the end of the year – is now well established. Tracking the number of departments and agencies that have moved to a performance planning and reporting approach is important in the early stages, but now that implementation is largely complete, the results for these measures are anticipated to stay relatively stable.

Goal 4 – Saskatchewan Finance Provides Excellent Services to Its Clients

Objective 1 – Accurate and timely information and services

The Department is committed to serving its clients – individuals and businesses, government departments and decision-makers, and the public at large – with integrity and professionalism.

During 2004-05, the Department responded to individuals' questions and requests about tax information promptly while processing their refunds efficiently.

Key Results

- Conduct and report survey results for businesses collecting taxes. [2005-06 planned result]
  - The survey is conducted bi-annually. The next survey will be conducted in 2006-07.
- Respond to most requests for tax information within 24 hours and provide accurate information. [2005-06 planned result]
  - This action was met on a consistent basis.
- Process tax refunds within 21 days of receiving all required documentation. [2005-06 planned result]
  - Over 99 per cent of 2005-06 tax refunds occurred within the 21-day period.

Measurement Results

Per cent of businesses, which collect taxes on behalf of government, that are satisfied with the Department's quality of service

In 2002-03, the Department committed to conducting bi-annual client satisfaction surveys of businesses collecting taxes on behalf of Government. This allows businesses to evaluate the Department's performance and helps the Department determine how its quality of service may be improved.

Quality of service is the reported level of client satisfaction with the Department's performance, including ease of obtaining tax information, helpfulness of staff, usefulness of tax bulletins and Internet site, ease of filing returns, and timeliness of responses. The Department surveys two groups of businesses using two surveys (audit and non-audit). Non-audit surveys[1] are sent to a random sample of businesses that collect Provincial Sales Tax, Fuel Tax, Tobacco Tax, and Corporation Capital Tax. Audit surveys[2] are sent to a random sample of businesses the Revenue Division has recently audited within a year of the date that the survey is conducted. The results of the two surveys are weighted, combined, and reported as an overall measure of quality of service.

The 2004-05 client satisfaction survey was conducted by the Department of Finance in July-2004. The results indicated that 96.0 per cent of businesses that collect taxes on behalf of the Government are satisfied with the Department's quality of service. This compares with a 93.5 per cent satisfaction rate in the 2002-03 client satisfaction survey using the same measure and questionnaire.

The results of the 2002-03 and 2004-05 surveys significantly exceeded the target of 85 per cent for this measure. Prior to the 2006-07 client satisfaction survey, Revenue Division intends to re-evaluate the appropriateness of the survey questions and the methodology used in the survey process.

Per cent of businesses, which collect taxes on behalf of government, that are satisfied with the Department's timeliness of responses, refunds and adjustments

In 2002-03, the Department committed to conducting bi-annual client satisfaction surveys of businesses collecting taxes on behalf of Government. This allows businesses to evaluate the Department's performance and helps the Department determine how its timeliness of responses, refunds and adjustments may be improved.

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[1] A six point Likert scale is used for the non-audit client satisfaction survey and is divided into two categories – satisfied (somewhat satisfied, satisfied, and very satisfied) and dissatisfied (somewhat dissatisfied, dissatisfied, very dissatisfied). Per cent satisfied is calculated by dividing the satisfied responses by the total number of responses.

[2] The audit survey is formatted as 'Yes/No' questions to determine satisfaction. Responses of 'Yes' are classified as being satisfied. Per cent satisfied is calculated by dividing the satisfied responses by the total number of responses.

Timeliness of service is defined as the reported level of responsiveness of the Department's performance including timely response to client inquiries, tax adjustments and refunds. The survey questions related to the Department's timeliness of responses, refunds and adjustments are a subset of the questions included in the non-audit surveys[3] that are sent to a random sample of businesses that collect Provincial Sales Tax, Fuel Tax, Tobacco Tax, Corporation Capital Tax.

The 2004-05 client satisfaction survey was conducted by the Department of Finance in July 2004. The results indicated that 95.0 per cent of the businesses are satisfied with the Department's timeliness of responses, refunds and adjustments. This compares with a 91.5 per cent satisfaction rate in the 2002-03 client satisfaction survey using the same measure and questionnaire.

When the surveys were first developed, the Department wanted to distinguish between client satisfaction with the quality of service versus client satisfaction with the timeliness of responses to correspondence, refunds and adjustments. However, the client satisfaction results in both surveys were very similar.

Prior to the 2006-07 client satisfaction survey, the Revenue Division intends to re-evaluate the appropriateness of the survey questions and the methodology used in the survey process.

Objective 2 – Ease of tax compliance

Streamlining regulatory compliance enables Saskatchewan businesses and farmers to focus resources on productive activities that enhance their overall competitiveness.

During 2005-06, Finance made considerable progress toward this objective. The Department's electronic services were promoted to businesses and farmers on a quarterly basis. This resulted in a 17.8 per cent increase in the number of businesses using the Saskatchewan Electronic Tax Service (SETS), a 19.3 per cent increase in the number of farmers using SETS, and a 10.9 per cent increase in the number of electronic payments processed.

Opportunities exist to further develop SETS and enhance electronic reporting. Over the coming year, Finance will continue its efforts to reduce regulatory compliance and meet client service delivery goals.

Key Results

- Continue to promote the Saskatchewan Electronic Tax Service (SETS) to clients through the use of information stuffers included with tax returns every three months, using e-mail marketing to clients that have provided an e-mail address and through our link on the **www.gov.sk.ca** "On-line Services" web page. [2005-06 planned result]

  - Information stuffers promoting SETS were included with tax returns every three months and our information bulletin subscription service is offered on our website.
  - Inquiry and field staff promoted SETS and information availability on our website through client interaction and information.

- The Provincial Sales Tax (PST) rebate for qualifying energy-efficient household appliances is being converted to a point-of-sale tax exemption effective April 1, 2005. This change will improve the delivery of the program by providing an immediate benefit to eligible purchasers. [2005-06 planned result].

  - The PST rebate for qualifying energy-efficient household appliances was converted to a point-of-sale tax exemption in 2005-06. Effective November 8, 2005, the PST exemption was extended to include ENERGY STAR® qualified furnaces and boilers.

In addition to progress made on planned actions, other key results include:

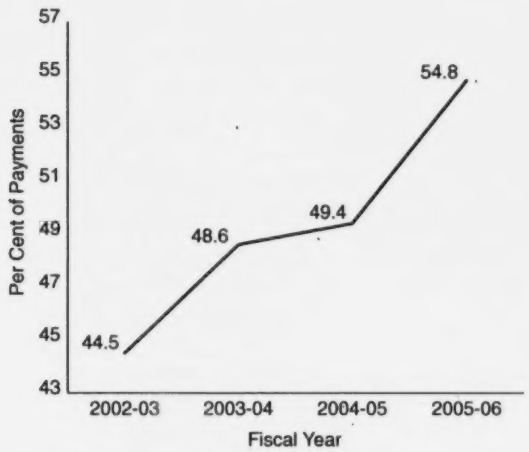
- SETS was enhanced to allow users the option to be notified by e-mail that a tax return should be filed. This service replaces the paper forms normally received in the mail for Provincial Sales Tax (PST), Liquor Consumption Tax, Corporation Capital Tax (installment payments), Tobacco Tax, Fuel Tax, and Beverage Container Program.

[3] A six point Likert scale is used for the non-audit client satisfaction survey and is divided into two categories – satisfied (somewhat satisfied, satisfied, and very satisfied) and dissatisfied (somewhat dissatisfied, dissatisfied, very dissatisfied). Per cent satisfied is calculated by dividing the satisfied responses by the total number of responses.

Measurement Results

Per cent of tax payments processed electronically

Per Cent of Tax Payments Processed Electronically



Source: Department of Finance, Revenue Division Statistical Reports

Previous reports measured the number of businesses that filed returns on-line. The measure was determined from statistical reports generated from the SETS system. SETS was introduced in September 2001 to offer businesses a secure, fast, and convenient alternative to filing and paying tax returns in paper format. The service is available for most revenue and refund programs administered by the Department including: Provincial Sales Tax, Liquor Consumption Tax, Tobacco Tax, Fuel Tax, Corporation Capital Tax (installment payments only), Insurance Premiums Tax, Beverage Container Program, and the International Fuel Tax Agreement.

In 2005-06, this measure is replaced with the percentage of tax payments processed electronically by the Department. The new measure is a broader measure that captures all electronic forms of payment. The measure is determined from statistical reports generated from the main revenue system.

The Department uses the percentage of tax payments processed electronically as a measure of performance in meeting its objective of streamlining regulatory compliance. Businesses that use electronic methods to make payments are able to save time and money on regulatory compliance and channel their resources to other business activities.

In 2005-06, 96,858 payments were processed electronically. This is an 11.3 per cent increase over the 2004-05 result using the same measure.

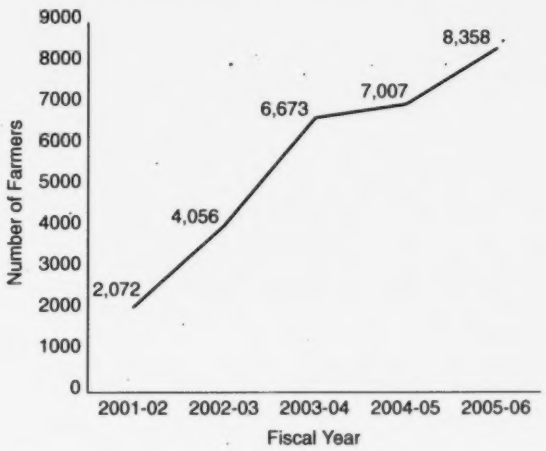
Payments made electronically:

Year	# of Payments	Per Cent
2002-03	78,970	44.5
2003-04	85,912	48.6
2004-05	87,014	49.4
2005-06	96,858	54.8

The Department influences this performance measure by offering additional services, enhancing existing services and continuing to encourage businesses to use SETS. Extending the electronic services offered by the Department does not assure take-up. A balance is required to ensure the electronic services offered meet the needs of Saskatchewan businesses.

Number of farmers that applied for fuel tax permit renewals on-line

Number of Farmers Using SETS



Source: Department of Finance, SETS

SETS was enhanced in February 2002 to offer farmers, commercial fishers, loggers, and trappers a secure, fast, and convenient alternative to filing their Fuel Tax exemption permit renewal in paper format. Ongoing enhancements to SETS are part of continuing efforts by the Department to reduce regulatory burden and meet our goal of providing excellent service to our clients.

The number of farmers that filed permit renewals on-line measures the Department's performance in meeting the objective of ease of tax compliance. The measure is calculated from the SETS database of those who apply for permit renewals for each renewal period. Applicants are primarily farmers but also include 27 commercial fishers, loggers and trappers. Beginning in 2004-05, the method of calculating the measure has changed as two renewal periods fall within a fiscal year. The results reflect the distinct number of farmers that applied for rebates or permit renewals using SETS during the fiscal year being reported (2002-03 and 2003-04 have been restated).

In 2005-06, 8,358 farmers filed rebates or permit renewals using SETS (there are approximately 45,000 active permit holders in the program). This is a 19.3 per cent increase over the 2004-05 result. This increase is related to the efforts made promoting the service. Farmers using SETS are able to save time and money on regulatory compliance, instead channelling their resources to other business activities.

The Department influences this performance measure by offering additional services, enhancing existing services, and continuing to encourage farmers to use SETS. Extending the electronic services offered by SETS does not assure take-up. A balance is required to ensure the services offered through SETS meet the needs of Saskatchewan farmers.

2005-06 Financial Results

Expense

The following table outlines information on budgeted and actual expenses by subvote and subprogram. Variance explanations are provided for all changes greater than $100,000.

Program	(thousands of dollars) 2005-06 Budget	2005-06 Actual	2005-06 Variance	Notes
Central Management and Services	**$ 5,647**	**$ 7,419**	**$ 1,772**	1
Treasury and Debt Management	**2,607**	**2,334**	**(273)**	2
Provincial Comptroller	**9,108**	**9,311**	**203**	3
Budget Analysis	**4,878**	**4,262**	**(616)**	4
Revenue	**15,248**	**14,910**	**(338)**	
Revenue Division	11,848	11,269	(579)	5
Allowance for Doubtful Accounts	1,200	1,500	300	6
CCRA Income Tax Administration	900	841	(59)	
Driver Licence Photo Identification Program	1,300	1,300	–	
Personnel Policy Secretariat	**395**	**323**	**(72)**	
Miscellaneous Payments	**94**	**35**	**(59)**	
Bonding of Public Officials	19	21	2	
Unforeseen and Unprovided for	50	14	(36)	
Implementation of Guarantees (Statutory)	25	–	(25)	
Pension and Benefits	**213,874**	**206,833**	**(7,041)**	
Public Services Superannuation Plan (Statutory)	102,604	101,084	(1,520)	7
Members of the Legislative Assembly – Pension and Benefits	3,084	3,307	223	8
Judges Superannuation Plan (Statutory)	2,251	2,237	(14)	
Public Employees Pension Plan	36,397	36,065	(332)	9
Canada Pension Plan – Employer's Contribution	23,632	22,055	(1,577)	9
Employment Insurance – Employer's Contribution	12,213	11,542	(671)	9
Workers' Compensation – Employer's Assessment	8,500	7,566	(934)	9
Employees' Benefits – Employer's Contribution	24,019	21,581	(2,438)	10
Services to Public Services Superannuation Plan Members	1,241	901	(340)	11
Public Employees Benefits Agency Revolving Fund - Net Financing Requirement (Statutory)	(67)	495	562	12
Amortization of Capital Assets	**1,937**	**2,020**	**83**	
Machinery and Equipment	4	4	–	
Office and Information Technology	1,898	1,997	99	
Land, Building and Improvements	35	19	(16)	
Total	**$ 253,788**	**$ 247,447**	**$ (6,341)**	

1 Increased accommodation, ITO transition costs, communication and other miscellaneous costs
2 Lower-than-budgeted bank charges and ITO transition costs
3 MIDAS project costs
4 Miscellaneous vacancies and lower-than-expected costs for the Business Tax Review
5 Lower-than-expected salary costs and delayed software purchases
6 Higher-than-expected write-offs for the fiscal year
7 Lower-than-expected requirements for Refunds, Reciprocal Agreements, and Marital Breakdowns
8 Higher-than-anticipated rate of return on Supplementary Retirement Plan
9 Lower-than-anticipated salary base
10 Lower-than-anticipated salary base; also funding for the Extended Health Care Benefits was not required
11 Less-than-anticipated allocation costs for the PSSP Plan
12 PEPPAccess completion time extended

Revenue

The Department of Finance collects revenue relating to taxation, transfers from other government entities, interest, premium, discount and exchange, motor vehicle fees, transfers from the Government of Canada, as well as other smaller revenue sources. All revenue collected is deposited into the General Revenue Fund. The following table and text shows estimated and actual revenue, describes the Department's revenue sources and includes variance explanations for changes greater than $5 million.

	(thousands of dollars)		
Source	**2005-06 Budget**	**2005-06 Actual**	**2005-06 Variance**
Corporation Capital Tax	$ 373,700	$ 524,650	$ 150,950
Corporation Income Tax	322,100	393,629	71,529
Fuel Tax	365,400	376,426	11,026
Individual Income Tax	1,361,900	1,447,905	86,005
Sales Tax	1,019,000	1,112,350	93,350
Tobacco Tax	169,000	171,107	2,107
Other	76,100	81,548	5,448
Taxes	**3,687,200**	**4,107,615**	**420,415**
Crown Investments Corporation of Saskatchewan	175,000	221,000	46,000
Saskatchewan Liquor and Gaming Authority	330,700	351,673	20,973
Other Enterprises and Funds	31,221	34,258	3,037
Transfers from Crown Entities	**536,921**	**606,931**	**70,010**
Interest, Premium, Discount and Exchange	44,195	87,483	43,288
Motor Vehicle Fees	125,700	135,183	9,483
Other Licences and Permits	86	85	(1)
Sales, Services and Service Fees	0	22	22
Other	6,310	8,101	1,791
Other Revenue	**176,291**	**230,874**	**54,583**
Canada Health Transfer	660,400	659,558	(842)
Canada Social Transfer	299,700	298,756	(944)
Equalization Payments	82,000	88,672	6,672
Other	23,864	25,634	1,770
Transfers from the Government of Canada	**1,065,964**	**1,072,620**	**6,656**
Total Department of Finance Revenue	**$ 5,466,376**	**$ 6,018,040**	**$ 551,664**

Corporation Capital Tax

Corporation Capital Tax (CCT) consists of the normal Capital Tax, which is levied on the amount of paid-up capital in excess of $10,000,000. An additional exemption of up to $10,000,000 is available to corporations depending on the proportion of total wages and salaries that are paid in Saskatchewan. The CCT also levies a Resource Surcharge based on the value of resource sales.

CCT increased $150.9 million, or 40.4 per cent, from the Budget Estimate. The increase occurred in the Resource Surcharge component and is largely due to higher-than-anticipated oil and natural gas prices.

Corporation Income Tax

Corporation Income Tax (CIT) is administered on the Province's behalf by the federal government using a common national determination of corporate taxable income. For a particular taxation year, the federal government makes installment payments to the Province on the basis of estimates, which are reconciled to actual assessments once tax returns for that taxation year have been filed.

CIT increased $71.5 million, or 22.2 per cent, from the Budget Estimate. The increase from Budget is due to the revised federal forecast of expected growth in the corporate tax base for the 2005 taxation year, combined with stronger-than-anticipated assessments for the 2004 taxation year.

Fuel Tax

Fuel Tax is levied on purchases of all types of fuel under the authority of *The Fuel Tax Act, 2000*. Saskatchewan provides an 80 per cent exemption for farm-use diesel fuel and unleaded gasoline purchased at bulk-fuel dealers, as well as for the use of diesel fuel by primary producers in their off-road activities. First Nations retailers are also eligible to receive a refund of the Fuel Tax on eligible on-reserve purchases by First Nations individuals.

In 2005-06, Fuel Tax increased $11.0 million, or 3.0 per cent, from the Budget Estimate. The increase is primarily due to higher-than-expected fuel consumption, particularly diesel and gasohol, and lower-than-anticipated First Nations refunds.

Individual Income Tax

Saskatchewan's Individual Income Tax is administered on the Province's behalf by the federal government using a common national determination of taxable income. For a particular taxation year, the federal government makes installment payments to the Province on the basis of estimates, which are reconciled to actual assessments once tax returns for that taxation year have been filed.

In 2005-06, Individual Income Tax increased $86.0 million, or 6.3 per cent, from the Budget Estimate. The increase from Budget is primarily due to better-than-anticipated assessments for the 2004 taxation year, combined with revised forecasts of expected growth in taxable income.

Sales Tax

Sales Tax includes revenue from the Provincial Sales Tax (PST) and the Liquor Consumption Tax (LCT). The PST rate is a seven per cent sales tax applied to certain goods and services, while the LCT rate is 10 per cent tax on the total selling price of beer, wine and spirits.

Sales Tax revenue increased $93.3 million, or 9.2 per cent, from the Budget Estimate. The increase is primarily due to a $92.8 million increase in PST revenue due to stronger-than-anticipated economic activity in all sectors of the Saskatchewan economy, particularly primary industries, as well as the construction, manufacturing, transportation and motor vehicles sectors.

In addition, LCT revenue increased $0.5 million.

Tobacco Tax

The Tobacco Tax is levied on retail purchases of all types of tobacco under the authority of *The Tobacco Tax Act, 1998*. A major component of Saskatchewan's Tobacco Tax is the refund available to First Nations retailers on eligible on-reserve tobacco sales to First Nations individuals.

Other Taxes

Other Taxes revenue includes Insurance Premiums Tax, Motor Vehicle Insurance Tax, Fire Prevention Tax, Pari-Mutuel Tax, and Succession Duties.

Other tax revenue increased $5.4 million, or 7.2 per cent, from the Budget Estimate. The increase is primarily due to an increase in Insurance Premiums Tax revenue resulting from an increase in the market value of insured goods.

Crown Investments Corporation of Saskatchewan

The dividend from the Crown Investments Corporation (CIC) of Saskatchewan is based on CIC projected net earnings, which are paid to the General Revenue Fund (GRF).

In 2005-06, the CIC dividend increased $46.0 million, or 26.3 per cent, from the Budget Estimate related to the Saskatchewan Energy Share plan.

Saskatchewan Liquor and Gaming Authority

The SLGA dividend to the GRF is based on the net income of the Authority. The SLGA is responsible for the distribution, operation and regulation of liquor and gaming activity in the Province. Dividends from SLGA consist of retail liquor net income, gaming (VLT) net income and Saskatchewan Indian and Gaming Authority (SIGA) net income.

The SLGA transfer to the GRF increased $21.0 million, or 6.3 per cent, from the Budget Estimate. The increase is primarily due to higher-than-anticipated SIGA net income, largely the result of the provision of smoking areas in SIGA casinos, and higher-than-budgeted VLT net income, primarily due to a lower-than-anticipated impact from the provincial smoking ban.

Other Enterprises and Funds

Other Enterprises and Funds include dividends paid to the GRF by other government enterprises and special funds. This includes Saskatchewan Gaming Corporation net income and one-time dividends from other government entities.

Interest, Premium, Discount and Exchange

Revenue from this source includes interest received on bank deposits, sinking fund earnings and interest on advances, investments and accounts receivable.

Interest, premium, discount and exchange increased $43.3 million, or 97.9 per cent, from the Budget Estimate. The increase is primarily due to higher-than-expected sinking fund earnings and higher-than-expected investment income on available working capital.

Motor Vehicle Fees

Motor Vehicle Fees revenue includes licences, fees and registrations with respect to motor vehicles. Revenue is collected by Saskatchewan Government Insurance (SGI) on behalf of the Province and does not include any insurance portion of vehicle plating costs.

Motor vehicle fees increased $9.5 million, or 7.5 per cent, from the Budget Estimate. The increase is primarily due to higher-than-anticipated economic activity, a positive audit adjustment at SGI for prior-year remittances to the GRF and increased snowmobile registration fees.

Other Licences and Permits

Other Licences and Permits revenue consists of fees collected under the International Fuel Tax Agreement (IFTA).

Sales, Services and Service Fees

Sales, Services and Service Fees revenue in the Department of Finance includes debt guarantee fees.

Other Other Revenue

Other Other revenue consists of all other recurring operational revenue not otherwise classified, and includes refunds of prior-years' expenditures, recovery of loans, transfers in and contributions by employees and others to retirement and insurance plans.

Canada Health Transfer

The Canada Health Transfer (CHT) assists provinces and territories in maintaining the national criteria and conditions in the *Canada Health Act*.

Funding for the CHT is made up of cash payments from the federal government and tax transfers to the provinces and territories. The Health Reform Transfer was included in the CHT transfer beginning April 2005.

In 2005-06, Saskatchewan received $659.6 million in CHT cash contributions from the federal government, $0.8 million below the Budget Estimate.

Canada Social Transfer

The Canada Social Transfer (CST) assists provinces and territories in providing post-secondary education, social assistance and social services, including early childhood development and early learning and child care.

Funding for the CST is made up of cash payments from the federal government and tax transfers to the provinces and territories. Funding for the 2003 Multilateral Framework on Early Learning and Child Care is included in the CST.

In 2005-06, Saskatchewan received $298.8 million in CST cash contributions from the federal government, $0.9 million below the Budget Estimate.

Equalization

Funding under the Equalization program is governed by the ability of a province to generate revenue relative to a five province standard (British Columbia, Saskatchewan, Manitoba, Ontario and Quebec). The principle behind this program is to compensate provinces that have a fiscal capacity below that of the standard provinces. This compensation is intended to allow provinces to provide reasonably comparable levels of service at reasonably comparable levels of taxation.

In 2004-05, Equalization was changed and an interim agreement established fixed provincial entitlements. Saskatchewan's share in 2005-06 was $82.2 million. An independent panel has recently reviewed the program and made recommendations on the future of the Equalization program.

In 2005-06, Equalization payments increased $6.7 million, or 8.1 per cent, from the Budget Estimate. The increase is due to a one-time federal compensation payment in recognition of the high Equalization claw-back rates on Saskatchewan Crown lease revenues.

Other Transfers from the Federal Government

Other federal transfer revenue consists of a legislated subsidy from the Government of Canada, as well as various federal-provincial cost-sharing agreements.

In 2005-06, Saskatchewan's share of the 2005 Early Learning and Child Care agreement funding ($21.7 million) was received by the Department of Finance and included in other federal transfers.

Revolving Funds

The Department is responsible for the Public Employees Benefits Agency Revolving Fund that provides services to public sector pension and benefit plans and to plan members. The costs incurred by the Fund for providing services are allocated to, and reimbursed primarily by, various pension and benefit plans. For more information about this Fund, please visit the following website: **http://www.peba.gov.sk.ca/Agency/peba_ann_reports.html**

Where to Obtain Additional Information

If you have any questions or comments please call 1-866-862-6246.

If you require additional copies of this Annual Report, call 787-6623.

All Saskatchewan Finance programs and services can be accessed at **www.gov.sk.ca/finance**

All Saskatchewan Finance publications can be accessed at **www.gov.sk.ca/finance/publicationsall.htm**

Appendix A

Senior Management Committee

Doug Matthies, Deputy Minister

Karen Layng, Assistant Deputy Minister
Treasury Board Branch

Kirk McGregor, Assistant Deputy Minister
Taxation and Intergovernmental Affairs Branch

Terry Paton, Provincial Comptroller
Provincial Comptroller's Division

Dennis Polowyk, Assistant Deputy Minister
Treasury and Debt Management Division

Len Rog, Assistant Deputy Minister
Revenue Division

Brian Smith, Assistant Deputy Minister
Public Employees Benefits Agency

Allan Barss, Executive Director
Personnel Policy Secretariat

Joanne Brockman, Executive Director
Economic and Fiscal Policy Branch

Mike Woods, Executive Director
Communications Branch

Jim Graham, Director
Human Resources Branch

Louise Usick, Director
Executive Administration Branch

Denise Kehler, Executive Assistant
to the Deputy Minister

Mag Massier, Senior Administrative Assistant

Appendix B

Organizational Chart

Honourable Andrew Thomson
Minister of Finance
Ministerial Staff (5)
Deputy Minister
Executive Assistant
Senior Administration Assistant
Executive Director Personnel Policy Secretariat
Executive Director Communications Branch
Budget Analysis Division
Assistant Deputy Minister Taxation and Intergovernmental Affairs Branch
Assistant Deputy Minister Treasury Board Branch
Executive Director Economic and Fiscal Policy Branch
Corporate Services Division
Director Executive Administration Branch
Director Human Resources Branch
Provincial Comptroller's Division
Provincial Comptroller
Executive Director Financial Management Branch
Director Financial Systems Branch
Director Internal Audit Branch
Public Employees Benefits Agency
Assistant Deputy Minister Public Employees Benefits Agency
Director Pension Programs
Director Research and Board Secretary
Director Communications
Director Corporate Development
Director Financial Services
Director Benefits Program
Revenue Division
Assistant Deputy Minister Revenue Division
Director Audit Branch
Director Provincial Sales Tax (PST) Branch
Director Revenue Operations Branch
Director Revenue Programs Branch
Treasury and Debt Management Division
Assistant Deputy Minister Treasury and Debt Management
Executive Director Capital Markets Branch
Executive Director Cash and Debt Management Branch

Appendix C

Public Employees Benefits Agency

The Public Employees Benefits Agency (PEBA) provides the day-to-day administration of public sector pension and benefit programs.

PEBA's current strategic plan was formed in the 2004-05 fiscal year but is annually reviewed. Management and staff are working together to implement the Agency's goals.

PEBA continued to provide research and guidance to pension and benefits boards to facilitate the documenting of each pension board's governance strategy. Good governance includes developing, documenting, implementing and abiding by policies and procedures that facilitate the efficient administration of pension and benefit plans. The documentation and ongoing review of governance is an expectation in the pension and benefit industry.

Combined, the pension, retirement and annuity fund have 63,000 members and 12,000 pensioners; and the benefit plans have 77,000 members. Individuals may be members of a pension plan and more than one benefit plan.

The Public Employees Benefits Agency administers the following pension and benefit plans:

Pension Programs

Anti-Tuberculosis League Employees Superannuation Plan

Judges of the Provincial Court Superannuation Plan

Liquor Board Superannuation Plan

The Members of the Legislative Assembly Benefits Act

Municipal Employees' Pension Plan

Public Employees Pension Plan

Public Service Superannuation Plan

Saskatchewan Pension Annuity Fund

Saskatchewan Transportation Company Employees Superannuation Plan

Workers' Compensation Board Superannuation Plan

Benefit Plans

Additional Pension Contribution Plan

Deferred Salary Leave Plan

Extended Health Care Plan

Extended Health Care Plan
for Retired Employees

Extended Health Care Plan
for Certain Other Employees

Extended Health Care Plan
for Certain Other Retired Employees

Public Employees Dental Plan

Public Employees Disability Income Plan

Public Employees Group Life Insurance Plan

Scheduled Aircraft Insurance Plan

Unscheduled Aircraft Insurance Plan

The Government of Saskatchewan and
Canadian Union of Public Employees
Local No. 600-3 Benefits Plans Surplus Fund

The Government of Saskatchewan and
Saskatchewan Government and General
Employees' Union Benefit Plans' Surplus Fund

Additional Benefit Plans Administered for Employers

The SaskPower Millennium RRSP

The SaskPower Supplementary
Superannuation Plan

Saskatchewan Government Insurance
Service Recognition Plan

SaskPower Designated Employee Benefit Plan

Saskatchewan Power Pre 96 Severance Plan

Saskatchewan Water Corporation
Retirement Allowance Plan

Saskatchewan Watershed Authority
Retirement Allowance

SaskEnergy Retiring Allowance Plan

Appendix D

Publications List

All Saskatchewan Finance publications can be accessed at:
www.gov.sk.ca/finance/publicationsall.htm

Department of Finance Annual Report
Offers a narrative and financial overview of the operations of the Department of Finance for the previous fiscal year and identifies actions for the upcoming fiscal year.
www.gov.sk.ca/finance/annreport

Performance Plan
The performance plan outlines the Department of Finance's vision for the future and the goals and objectives that the Department intends to accomplish over the medium to longer term. For each objective, a series of specific actions that will be taken in the coming year is presented, along with one or more performance measures, indicating how progress in achieving the objective will be tracked.
www.gov.sk.ca/finance/accountability/2006_2007/Finance.pdf

Budget Documents and Backgrounders
Offer financial details of the annual Provincial Budget. Published in March of each year. Main documents include the Budget Summary Book, Our Plan for 2004-05, Estimates and Supplementary Estimates.
www.gov.sk.ca/finance/budget

- **Budget Summary Book**
  Offers an overall view of the Provincial Budget. Includes financial tables, as well as program highlights for the upcoming year.

- **Our Plan for 2004-05**
  Outlines key commitments associated with the 2004-05 Budget.

- **Estimates**
  The Estimates represent the Government's financial plan for the General Revenue Fund presented to the Legislative Assembly for the fiscal year commencing April 1, and ending on March 31 of the following year. The Estimates outline the estimated expenditures, revenues, loans, advances and investments of the General Revenue Fund categorized in a manner to inform both the Members of the Legislative Assembly and the public. The Estimates are presented in accordance with *The Financial Administration Act, 1993.*

- **Supplementary Estimates**
  The Supplementary Estimates for the fiscal year ending March 31 represent funding provided by special warrants issued subsequent to the passage of the Main Appropriation Bill for the previous year. Supplementary Estimates are prepared and presented to the Legislative Assembly pursuant to section 14 of *The Financial Administration Act, 1993.*

First Quarter Report
Offers details of the Government's financial picture on a General Revenue Fund basis as of the first quarter (April, May, June) of the fiscal year, compared to Budget. Published within 60 days of end of first quarter.
www.gov.sk.ca/finance/QuarterReports

Mid-Year Report
Offers details of the Government's financial picture on a General Revenue Fund basis as of the second quarter (April - September) of the fiscal year, compared to Budget and First Quarter. Published within 60 days of end of second quarter.
www.gov.sk.ca/finance/finrep

Third Quarter Report
Offers details of the Government's financial picture on a General Revenue Fund basis as of the third quarter (April - December) of the fiscal year, compared to Budget and Mid-Year. Published within 60 days of end of third quarter.
www.gov.sk.ca/finance/QuarterReports/thirdquarter.htm

Public Accounts Documents
www.gov.sk.ca/finance/paccts

- **Volume 1**
  Volume 1 of the Public Accounts contains the General Revenue Fund financial statements and the Summary Financial Statements. It also contains information on the Fiscal Stabilization Fund and the Province's debentures. Usually published in July.

- **Volume 2**
  Volume 2 of the Public Accounts provides detailed information on revenues and expenditures of the General Revenue Fund, information on the trust funds administered by the Government and a listing of remissions of taxes and fees. Usually published in September.

- **Compendium**
  The Compendium contains the financial statements of various boards, agencies, commissions, superannuation funds, special purpose funds and institutions, as well as those Crown corporations which are accountable to Treasury Board.

Tax Information Bulletins and Forms
The Revenue Division of Saskatchewan Finance prepares a number of information bulletins and forms about the taxes and programs administered. This information explains how the Provincial Sales Tax, Fuel Tax, Tobacco Tax, Corporation Capital Tax, Liquor Consumption Tax, and other taxes apply in specific situations.
www.gov.sk.ca/finance/revenue

Financial Administration Manual
The Financial Administration Manual (FAM) communicates Treasury Board's policies and the Provincial Comptroller's directives to departments and public agencies. These financial policies and directives are made pursuant to *The Financial Administration Act, 1993*. FAM also includes general information to assist users in understanding the complex governance environment within which these policies and directives apply (e.g., to assist directors in understanding how general laws affect their roles, responsibilities and duties).
www.gov.sk.ca/finance/FAM/default.html

Natural Account Manual
The Natural Account Manual provides information on the asset, liability, equity, revenue and expenditure accounts available for use in MIDAS (the Government's financial system).
www.gov.sk.ca/finance/nam/NaturalAccount Manual.pdf

Euro Medium-Term Note Prospectus
The EMTN Programme enables the Province to issue debt instruments in the European capital markets.
www.gov.sk.ca/finance/18k/ProspectusFinal 2004.pdf

Saskatchewan Bureau of Statistics
www.stats.gov.sk.ca

- **Saskatchewan Economic Statistics**
  Provides detailed data of the Saskatchewan economy in terms of Gross Domestic Product. Published twice annually.

- **Economic Overview**
  Provides a compendium of the most asked questions relating to Saskatchewan statistics, including data on agriculture, business, employment, investment and Gross Domestic Product. Published annually.

- **Monthly Statistical Review**
  Provides up-to-date economic and social statistics relating to Saskatchewan. Produced monthly.

- **Saskatchewan Fact Sheet**
  Provides a snapshot of important Saskatchewan economic and social statistics for the previous two years. Produced annually.

- **Labour Force Survey**
  Tables provide labour force and employment data from the Statistics Canada Labour Force Survey. Produced monthly.

- **Consumer Price Index**
  Tables provide price data from the Statistics Canada Consumer Price Index. Produced monthly.

Public Employees Benefits Agency (PEBA)
PEBA operates as a central body within the Department of Finance, Government of Saskatchewan, to administer pension and benefit programs for employees of the Executive Government, Crown corporations and Government Funded Bodies.
www.peba.gov.sk.ca

- **PEBA Annual Reports**
  Annual Reports provide information about the Plan's operations, membership, and administrative expenses and include financial statements for the year. PEBA produces 23 annual reports.

- **Acceptable Documentation**
  This document outlines the documentation that PEBA will use in administering the pension and benefit programs that the Agency is responsible for.

- **Statement of Investment Policies (SIP&P)**
  The following policy documents outline parameters around the investment of the various plans' assets setting rate of return standards, asset mix guidelines, risk tolerance, etc. Documents are used by various fund managers to manage the plans assets and the boards and commissions will use this to evaluate the manager's performance.

  Public Employees Pension Plan
  - Investment Policy Summary (as of April 2006) – Balanced Fund
  - Statement of Investment Policies and Goals – Balanced Fund
  - Investment Policy Summary (as of April 2006) – Short-Term Bond Fund
  - Statement of Investment Policies and Goals – Short-Term Bond Fund

  The Saskatchewan Pension Annuity Fund
  - Statement of Investment Policies and Goals (as of April 2005)

  Municipal Employees' Pension Plan
  - Investment Policy Summary (as of May 2006)
  - Statement of Investment Policies and Procedures

- **Public Service Superannuation Plan (PSSP)**

  Saskatchewan Liquor Board Superannuation Plan
  - Investment Policy Summary (as of March 2006)
  - Statement of Investment Policies and Objectives

  Saskatchewan Transportation Company Superannuation Plan
  - Investment Policy Summary (as of June 2005)
  - Statement of Investment Policies and Goals

- **Benefits**

  Public Employees Benefits Agency Disability Income Plan
  - Investment Policy Summary (as of March 2006)
  - Statement of Investment Policies and Objectives

  Public Employees Benefits Agency Group Life Insurance Plan
  - Investment Policy Summary (as of March 2006)
  - Statement of Investment Policies and Objectives

- **Member Newsletters**
  The newsletters provide current information to members about Plan provisions, proposed changes to legislation, regulations and administrative matters and addresses topics of interest to members (i.e., retirement planning, risk management, investments, missing members and the pension industry).

  Public Employees Pension Plan (PEPP) – *Pension Perspectives*
  Municipal Employees' Pension Plan (MEPP) – MEPP *Matters*

- **Member Booklets**
  Member Booklets contain detailed information concerning the various plans offered and the benefits available to the members. These are a valuable resource to all Plan members, so that they know their exact entitlements under the various plans.

  Pension Plans
  - Public Employees Pension Plan
  - Municipal Employees' Pension Plan
    General Member
    Designated Police Officer and Firefighter
  - Public Service Superannuation Plan

  Benefit Plans
  - Public Employees Group Life
  - Public Employees Disability Income Plan
    Employee Booklet
    Plan Document
  - Public Employees Dental Plan
    Maximum Reimbursement Schedules (MRS) – list the codes and the cost for each procedure that is covered in the Plan. The schedules are updated every year, usually in January.
  - Public Employees Deferred Salary Leave Plan

  Extended Health Care Booklets
  - Extended Health Care Plan PS/GE SGEU Retiree Booklet
  - Extended Health Care Plan CUPE 600-3 Retiree Booklet
  - Extended Health Care Plan Out-of-scope Retiree Booklet
  - Extended Health Care Plan Booklet PS/SGEU and CUPE 600-3: Effective January 1, 2000
  - Extended Health Care Plan Booklet (Management) Employees: Effective January 1, 2000

- **Employer Bulletins**
  Bulletins notify employers about legislation, regulations, and administrative changes affecting the Plan, as well as new services being offered to the members or procedural changes.

  PEPP
  PSSP
  MEPP

- **Employer Administration Guides**
  Assists employers in performing their responsibilities necessary for the administration of the Plan.

- **Pension Adjustment Guides**
  Assists users in calculating and reporting Pension Adjustments.

  MEPP
  PSSP

- **Employer Manual (MEPP)**
  Provides instructions to employers regarding administrative and reporting procedures.

- **Employer Defined Benefit Administration Guide**
  Provides instructions to employers regarding administrative and reporting procedures.

- **Other Information**

  Information Sheets
  Provide detailed information on specific topics related to Plan provisions.
  - PEPP *Talk*
  - InfoSheets (PSSP)
  - MEPP In-Depth

  MEPP
  - Actuarial Valuation of the Saskatchewan Municipal Employees' Pension Plan (as at December 31, 2004)
  - Actuarial Valuation Report (as at December 31, 2004) on The Annuities Underwritten by The Municipal Employees' Pension Plan

Appendix E

Legislation

Under Order-in-Council No. 60/2006 dated February 3, 2006, the Minister of Finance is responsible for the following Acts of the Legislative Assembly:

Balanced Budget Act
Certified General Accountants Act, 1994
Certified Management Accountants Act
Certified Management Consultants Act
Chartered Accountants Act, 1986
Corporation Capital Tax Act
Federal-Provincial Agreements Act
Financial Administration Act, 1993
Fiscal Stabilization Fund Act
Fuel Tax Act, 2000
Home Energy Loan Act
Income Tax Act
Income Tax Act, 2000
Insurance Premiums Tax Act
Liquor Consumption Tax Act
Management Accountants Act
Members of the Legislative Assembly Benefits Act
Motor Vehicle Insurance Premiums Tax Act
Municipal Employees' Pension Act
Municipal Financing Corporation Act
Provincial Auditor Act
Provincial Sales Tax Act
Public Employees Pension Plan Act
Public Service Superannuation Act
Revenue and Financial Services Act
Saskatchewan Development Fund Act
Saskatchewan Pension Annuity Fund Act
Saskatchewan Pension Plan Act
Statistics Act
Superannuation (Supplementary Provisions) Act
Tabling of Documents Act, 1991
Tobacco Tax Act, 1998

Although not listed in the Order-in-Council, the Minister is also responsible for *The Appropriation Act.*

Furthermore, the Department has responsibilities under the following legislation:

Fire Prevention Act, 1992
Liquor Board Superannuation Act
Provincial Court Act, 1998
Public Health Act, 1994
Saskatchewan Assistance Act
Vehicle Administration Act

Appendix F

Treasury Board, the Budget Process and Public Accounts

Key decisions about the Province's finances, including the development of the annual Budget, are the responsibility of **Treasury Board,** a committee of Cabinet Ministers. The powers and duties of Treasury Board are contained in sections 4 and 5 of *The Financial Administration Act, 1993.* The Minister of Finance is the Chair of Treasury Board and the Deputy Minister of Finance is the Board's Secretary. Department of Finance staff act as a resource to Treasury Board in the performance of its duties.

The Department of Finance assists and supports Treasury Board in fulfilling its duties, which include:

- managing the Government's revenues, expenditures, assets and liabilities;
- evaluating Government programs and services;
- establishing and overseeing Government administrative policy and management practices and systems;
- developing and monitoring Government accounting policies and practices;
- reviewing and making recommendations on the organization of all or any part of Government;
- providing Cabinet with policy recommendations to address Government programming and fiscal issues; and,
- reviewing Budget proposals and overseeing the development of the Government's annual Budget.

One of the primary responsibilities of the Department of Finance is to assist Treasury Board in developing and managing the annual provincial **Budget**. Presented each year in the Legislative Assembly by the Minister of Finance, the Budget sets forth in detail how public funds will be allocated among all government programs and services in the coming fiscal year. It also establishes future directions for government programs and appropriate levels of taxation to maintain those programs.

The process starts each spring with a Call for Plans, which directs departments to develop their strategic direction for the year, including goals, objectives, performance measures and key actions. Each year, Cabinet meets early in the fall to develop budget guidelines based on overall public priorities as determined by the Government. These guidelines are conveyed to departments to guide them when preparing their budget requests. Treasury Board, with the support and advice of the Department of Finance, assesses the plans and budget requests, evaluates competing priorities, and recommends a budget package to Cabinet.

Once Cabinet has finalized the budget package, the Department produces the Budget Address, annual Estimates and supporting materials and arranges for the dissemination of budget information to key stakeholders and the public.

Throughout the year, the Department of Finance issues First Quarter, Mid-Year and Third Quarter Reports, which update revenue, expenditure and debt forecasts based on economic changes and other developments that have occurred to certain points of the fiscal year. In addition, the Mid-Year Report updates actual performance compared to key commitments made in the Budget.

By August 1, the Department of Finance prepares the annual Public Accounts for the Minister of Finance to table in the Legislative Assembly. In effect, the **Public Accounts** serve as a fourth quarter report. The Public Accounts summarize the results of Government operations for the fiscal year and provide a comparison of actual results to Budget Estimates.

The Legislative Assembly establishes a Standing Committee on Public Accounts at the beginning of each Legislative sitting to review the Government's expenditures through analysis of the Public Accounts and the Provincial Auditor's report. The Committee plays a key role in maintaining Government accountability.

The Committee is assisted in its deliberations by the attendance of the Provincial Comptroller, the Provincial Auditor and department officials, each of whom provides information and answers questions from Members.

The Committee summarizes its recommendations in periodic reports to the Legislative Assembly. The Department of Finance assists the Government in preparing a formal response describing the actions taken as a result of the Committee's recommendations. The financial accountability cycle is completed when the Committee reviews the Government's response and actions.

Appendix G

Glossary of Terms

Appropriation
An amount of funding that the Legislature has authorized for a particular purpose.

Credit Rating
An evaluation of the ability and willingness of a borrower to service and repay debt in a timely manner. Credit ratings are a key factor in determining the cost and availability of credit to a borrower. Borrowers with lower credit ratings pay more to lenders or investors than those with a higher rating. Many investors, such as pension funds, have guidelines restricting their lending to only those borrowers with above a minimum standard (level) credit rating.

Debt Servicing Costs
Costs associated with servicing the gross debt of the General Revenue Fund. The costs include interest, foreign exchange gains and losses, discounts, fees and commissions. Costs incurred to service Crown corporation debt are reimbursed by the Crown corporations.

Department
An organizational unit of Executive Government created for the purpose of managing related programs.

Estimates
Documents tabled outlining the Government's detailed financial plan for the year which form the basis for the requested appropriations. Estimates are tabled every year with the Budget Address.

Expenditure
The cost of operating government identified with a particular fiscal year or time period. Expenditures include the cost of government operated programs, interest on the public debt, transfer payments and capital acquisitions.

Financial System
Any system, manual or computerized, used to report or process transactions or data related to revenues, expenditures, assets or liabilities.

Fiscal Stabilization Fund (FSF)
The FSF was established April 1, 2000 by *The Fiscal Stabilization Fund Act.* Its purpose is to stabilize the fiscal position of the Government to facilitate long-term planning. Stabilization occurs through transfers between the FSF and the General Revenue Fund (GRF) as approved by Treasury Board. Transfers to the FSF from the GRF are statutory disbursements. Amounts transferred to the GRF from the FSF are available for expenditure subsequent to receiving required approval from the Legislative Assembly.

Fiscal Year
The period commencing on April 1 in one calendar year and ending on March 31 in the following calendar year.

General Revenue Fund (GRF)
The fund into which all revenues are paid, unless otherwise provided for by legislation, and from which all expenditures are appropriated by the Legislative Assembly.

General Revenue Fund Financial Statements
The financial statements prepared for the moneys appropriated by the Legislative Assembly.

Gross Debt
The gross debt of the Province consists of money owed directly to lenders through the sale of short-term promissory notes and medium and long-term debentures in the capital markets, as well as the amount owed to holders of Saskatchewan Savings Bonds.

Guaranteed Debt
The debt of Crown corporations and others that the Province has promised to repay if the debt issuer is unable to do so.

Performance Measurement
Performance measurement is a process of regularly assessing progress towards achieving the outcomes articulated in a strategic plan. Measurement results are analyzed, reported and the knowledge gained is used by the organization to modify and improve future plans.

Public Accounts
The Public Accounts of the Government of Saskatchewan are organized into two reports. Volume 1 contains the General Revenue Fund financial statements and the Summary Financial Statements. These are the main financial statements of the Government of Saskatchewan. Volume 2 contains details on revenue and expenditure of the General Revenue Fund, financial information on the superannuation and trust funds administered by the Government, and a listing of remissions of taxes and fees.

Public Performance Results Reporting
The mechanism that Government uses to communicate with the public on the achievements of departments for a specific time period, compared to the intended results laid out in pre-specified plans (typically at mid-year or at the end of a fiscal year). All departments are now required to prepare and report performance plans and results reports as part of their Annual Report.

Revenue
The gross proceeds applicable to a fiscal year from taxes, licences, transfer payments and sources other than borrowing.

Revolving Funds
Funds established by statute which are used to isolate certain items of related revenue and expenditure. Revolving funds are net budgeted in the Estimates, and are used for specific government operations that recover all or a portion of the associated costs from the funds' users.

Sinking Funds
Funds set aside to provide for the orderly retirement of a portion of the Province's debt.

Strategic Planning
Strategic planning is a practical, action-oriented process that sets goals and allocates resources to achieve meaningful results over time. Plans describe the outcomes that the organization intends to achieve over the planning period (goals and objectives) and the key actions that will be taken in the short term to move the organization toward its desired outcomes.

Summary Financial Statements
The financial statements that report on the consolidated financial resources and activities of all government organizations, including government boards, agencies, commissions, funds and Crown corporations.

Total Debt
The total debt of the General Revenue Fund consists of:

- gross debt – the amount of money owed to lenders; plus
- guaranteed debt – the debt of Crown corporations and others that the Province has promised to repay if they are unable to do so; less
- sinking funds – the amount of money which has been set aside for the repayment of debt.

Transfers
Transfers of money from the Government of Saskatchewan to an individual, organization, authority or other government for which no goods or services are directly received by Government and no repayment is expected in the future. Terms such as "grants" and "entitlements" are often used for transfers.

Transfers to Individuals
Direct or indirect transfers of money for which no public service is required of the recipient. These transfers provide the recipient with a financial benefit and are usually in the nature of income support, subsidy or compensation payment. These transfers may include public goods and services that are income tested.

Transfers for Public Service
Transfers to individuals, organizations, Crown corporations and local authorities (for example: school boards, district health boards and municipalities) to fund public services such as health care and education. Transfers to government organizations and corporations, which in turn provide a direct transfer or subsidy to their clients, are treated as a transfer to an individual.

Contact Information

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